



Commercial Service Caribbean Region Santo Domingo

IMPACT OF CAFTA-DR ON THE HOTEL AND RESTAURANT EQUIPMENT AND SUPPLIES SECTOR

CAFTA-DR Facts:



The United States and Dominican Congresses recently approved the Central American Free Trade Agreement-Dominican Republic (CAFTA-DR). The agreement will greatly expand the bilateral trade between the participating countries; it will also allow for greater access for U.S. exports into the region. The member states of CAFTA-DR, combined, already constitute the 10th largest market for U.S. exports in the world. In 2004, the United States exported nearly \$16 billion of manufactured goods to the region, of which 27% was exported to the Dominican Republic; the largest market among the CAFTA-DR partners. The United States exports 56% of all Dominican imports and enjoys a market share of over 70% in consumer goods imports into the Dominican Republic.

CAFTA-DR is expected to be implemented on January 1, 2006. However, the CAFTA-DR partners that have ratified or approved the agreement must formally agree on an implementation date. The U.S. Chamber of Commerce estimates that upon implementation of the CAFTA-DR, US exports to the region could grow by 20% in the first year. When implemented, CAFTA-DR provides for the immediate elimination of tariffs on 80% of all manufactured goods exported from the United States. Customs duties on the remaining 20% of products will be phased out over the next five to fifteen years. In addition, the CAFTA-DR will require each member country to take steps to improve government transparency, customs procedures and the protection of foreign investments.

Under the CAFTA-DR, US imports into the Dominican Republic have been classified by categories. Each category provides for the elimination of customs duties in different stages. Some products will enter the Dominican Republic duty-free on the date the agreement enters into force, while others will receive gradual reductions on the customs duties. Most of the products in the hotel and restaurant equipment sector have been categorized within the groups A, B, C, and G. An explanation of these categories follows:

Category A:

Duties on goods under this category will be eliminated entirely on the date the agreement enters into force.

Category B:

Duties on goods in this category will be removed in five equal annual stages beginning on the date the agreement enters into force and will be duty-free effective January 1 of year five.

Category C:

Duties on the products under this category will be removed in ten equal annual stages beginning on the date the agreement enters into force, and will be duty-free, effective January 1 of year ten.

Category G:

Products under this category are already entering the Dominican Republic duty-free and will continue to do so under the CAFTA-DR.

For the products included under each category please refer to the attached list.





Another important benefit of the CAFTA-DR is that several other taxes and fees levied on American products exported to the Dominican Republic will be eliminated. These are the Consular Invoice (current value varies), and the Exchange Surcharge (currently 13%). However, a 16% ITBIS tax (value added tax on industrialized goods and services) is required to be applied to most products sold in the Dominican Republic. As a result of the elimination of these taxes, the prices of hotel and restaurant equipment are expected to decline, while imports from the United States are expected to increase.

The U.S. Commercial Service offers excellent programs to help American companies identify potential distributor. For more information on services available to U.S. business please visit our website: www.export.gov/caribbean.

For more information please contact:
 Maria Elena Portorreal, Regional Senior Commercial Advisor
 E-mail: maria.elenaportorreal@mail.doc.gov

Date: October 5, 2005

CAFTA-DR Hotel and Restaurant Equipment and Supplies HS Codes – Dominican Republic

Category A	
HS Codes	Description
630210	Bed linens (knitted or crocheted)
630221	Printed bed linens (pillowcases, sheets) of cotton & textile materials such as damask, knit, crochet
630222	Printed bed linens (pillowcases, sheets) of man-made fiber
630229	Printed bed linens (pillowcases, sheets) of other textile materials
630240	Table linens (knitted or crocheted)
630251	Table linens (tablecloths and napkins) of cotton
630252	Table linen of flax
630253	Table linen of man-made fiber (tablecloth and napkins, damask) Other table linens of man-made fiber (excluding tablecloth and napkins)
630259	Other table linen of textile materials
630260	Toilet and kitchen linen (except towels, terry fabric cotton); dish towels (terry, cotton)
630291	Towels (terry, cotton of pile or tufted construction, jacquard)
701331	Table, kitchen glassware (not drinking glass, lead crystal)
701332	Household glassware (not drinking glass)





Category A	
HS Codes	Description
701339	Other table or kitchen glassware
701391	Other glassware (lead crystal)
701399	Other glassware (not lead crystal)
732111	Cooking appliances and plate warmers for gas fuel (portable/non-portable)
821510	Assorted sets of tableware (at least one precious metal plated, base metal)
821520	Assorted sets of tableware (not precious metal, including base metal parts)
821591	Spoons, forks and ladles etc. (base metal parts, precious metal plated, not sets)
825199	Spoons, forks and ladles etc. (base metal parts, not precious metal plated, not sets)
841510	Air-conditioners (window or wall, self-contained, not self-contained, incorporating a refrigerating unit and a valve for reversal of the cooling/heating cycle) 2.93 – 4.98 Kw/Hr
841720	Ovens (industrial, non-electric bakery and biscuit)
841981	Restaurant or hotel industrial machinery (for the preparation of hot drinks and food)
841990	Parts of equipment for restaurants etc. (temperature change)
842211	Dishwashing machines (household, industrial)
842290	Parts for dishwashing machines (household type)
847690	Automatic vending machine parts
851410	Furnaces and ovens of resistance heat
851420	Microwave ovens (industrial, laboratory)
851430	Furnaces and ovens (industrial, laboratory)
851490	Microwave oven parts
851650	Microwave ovens (domestic)
851660	Electric cooking appliances (stoves, ranges, and ovens for domestic use, cooking plates, boil rings, grillers and roasters)
Category B	
HS Codes	Description
841829	Household type refrigerators
851671	Electric coffee or tea makers (domestic)
851672	Electric toasters
851679	Electro-thermal appliances (domestic)





Category C	
HS Code	Description
481820	Towels (paper/pulp/cellulose wadding/webs)
701321	Drinking glasses (lead crystal)
701329	Drinking glasses
732112	Cooking appliances and plate warmers (iron/steel for liquid fuel, portable and non-portable solid fuel)
732113	Cooking appliances and plate warmers (iron and steel portable/non-portable solid fuel)
732181	Non-electric domestic appliances (iron/steel, gas, combination of gas and other fuel)
732182	Non-electric domestic appliances (iron/steel, liquid fuel)
732183	Non-electric domestic appliances (iron/steel, solid fuel)
732190	Parts for non-electric cooking appliances and plate warmers (iron/steel)
732310	Wool, scouring pads, gloves etc. (iron, steel)
732391	Table, kitchen, household articles and parts (enameled cast iron, non-enameled cast iron, steel and stainless steel)
732393	Cooking and kitchenware, household articles and parts (stainless steel)
732394	Household articles and parts (not enameled iron, not cast steel, not stainless steel)
732410	Sinks and wash basins (stainless steel)
741700	Cooking and heating appliances and parts (domestic, non-electric, copper)
851910	Record players (coin or token operated)
Category G	
HS Code	Description
842290	Dish washing machine parts
845110	Machines for dry-cleaning
845140	Machines for washing, bleaching, and dyeing

The U.S. Commercial Service, an agency of the U.S. Department of Commerce, is a global network committed to supporting U.S. commercial interests around the world.

The U.S. Commercial Service offers comprehensive, customized solutions to your international trade challenges and provides export promotion assistance through a variety of products and services. The U.S. Commercial Service office in Santo Domingo is the regional headquarters for Commerce Department programs in the Caribbean.

For information on our products and services please visit our website
www.buyusa.gov/caribbean .

Author: Maria Elena Portorreal, Regional Senior Commercial Advisor

Date of Report: September, 2005

Phone: (809) 227-2121 ext. 225 **Fax:** (809) 920-0267

E-mail: maria.elenaportorreal@mail.doc.gov **Web:** www.buyusa.gov/caribbean

